

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE NAKHON PHANOM

CINCPAC HONOLULU

COGARD POLAD

XMT AMEMBASSY SUVA

UNCLAS STATE 243571

E.O. 11652 N/A

TAGS: PFOR, XC, US

SUBJECT: DECEMBER 12 EA PRESS SUMMARY

INDOCHINA

1. SENATE APPROPRIATIONS COMMITTEE APPROVES, IN
14-4 VOTE, PROXMIRE PROPOSAL FOR 50 PERCENT REDUCTION
IN MILITARY AID FOR SVN AND LAOS. ADMINISTRATION
HAD REDUCED ORIGINAL REQUEST TO 1.3 BILLION DOLLARS
BUT MOVE WOULD IMPOSE 650 MILLION CEILING NEXT FY.
SURPRISE SENATE COMMITTEE ACTION WAS "INTERRELATED"
WITH HOUSE APPROVAL OF 2.2 BILLION FOR ISRAEL ARMS
AID. GIVEN ADDED BURDEN OF MAINTAINING MILITARY
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BALANCE IN ME, CONGRESS IS ANXIOUS TO FIND OTHER
AREAS IN DEFENSE BUDGET THAT COULD BE CUT (FINNEY,
NYT).

2. HEAVY FIGHTING RAGES SOUTH OF SAIGON WHERE ARVN COMMAND CLAIMS VICTORIES IN BATTLE FOR DELTA RICE HARVEST. ARVN CLAIMS COMPLETE CONTROL OF KIEN DUC THOUGH SPORADIC CLASHES STILL OCCUR IN AREA AND NVA TROOPS AND TANKS REPORTEDLY MASS NEARBY (AP WP, NYDN; CSM).

3. REUTER SAIGON QUOTES GVN MILITARY SOURCES THAT

NVA DESERTER REPORTED THAT HANOI'S TOP SOLDIER IN

BATTLE FOR QUANG DUC PROVINCE. GVN REGARDS THIS AS INDICATION OF IMPORTANCE OF QUANG DUC BATTLE TO COMMUNISTS.

4. SEIDEN (SUN) WRITES FROM QUANG TRI OF BIGGEST RESETTLEMENT PROJECT OF THE WAR (US-FUNDED) THAT HAS RETURNED 80,000 REFUGEES FROM DA NANG CAMPS TO RUINS OF THEIR HOME VILLAGES, WHILE OTHERS WHOSE VILLAGES ARE COMMUNIST-CONTROLLED ARE SETTLED ON NEW SITES IN QUANG TRI AND OTHER PROVINCES. QUANG TRI BATTLE LAST YEAR DROVE 300-600 THOUSAND FROM HOMES TO CAMPS AND SLUMS OF DA NANG AND HUE. CRITICS SAY REFUGEES, BEING ARMED AND TRAINED AS "LOCAL DEFENSE FORCES", ARE BEING RESETTLED TO STRENGTHEN GVN CONTROL OF INSECURE AREAS AND TO GET THEM OFF THE GVN DOLE RATHER THAN FOR ALTRUISTIC REASONS. SUPPORTERS DO NOT DENY MILITARY AND ECON BENEFITS BUT INSIST HUMANITARIAN MOTIVES COME FIRST. SEIDEN SEES RISKY MOVE HOME AS OCCASION FOR BOTH JOY AND FEAR FOR REFUGEES; NO MILITARY INCIDENTS REPORTED THOUGH INJURIES AND DEATHS HAVE OCCURRED FROM BURIED EXPLOSIVES. QUOTES AMERICANS ASSOCIATED WITH PROJECT THAT SUCCESS VARIES WIDELY FROM PLACE TO PLACE; WHERE LAND IS GOOD AND DESTRUCTION LIGHT VILLAGERS HOPE TO BE SELF-SUFFICIENT SOON, BUT HARD-HIT HAMLETS WILL REQUIRE GVN FREE-RICE BENEFITS BEYOND USUAL SIX MONTHS TO AVERT STARVATION AND COLLAPSE.

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5. ANABLE (CSM) REPORTS DON LUCE'S DOMINANT IMPRESSION, AFTER MONTH-LONG VISIT TO NVN AND PRG-CONTROLLED PARTS OF SVN, OF IMMENSE DESTRUCTION AND PEOPLE'S CONTINUING FEAR OF RENEWED US BOMBING. ANABLE COMMENTS THAT ONE REASON WHY LUCE WAS WELCOME IN NVN WAS HIS ROLE IN THE 1970 CON SON "TIGER CAGE" AFFAIR. LUCE SAYS HE SAW LITTLE MILITARY TRAFFIC ON NVN ROADS -- HANOI DOES NOT ADMIT TO MILITARY ACTIVITY IN SVN -- AND PEOPLE HARD AT WORK REBUILDING. ROADS LARGELY REPAIRED, BRIDGES IN USE THOUGH MANY CRUDE, MOST WORK DONE BY HAND THOUGH SOME HEAVY EQUIPMENT IN USE IN TOWNS AND FACTORY AREAS. SMALL "BEVY" OF FOREIGNERS HELPS RECONSTRUCTION AND TO RE-ESTABLISH

TRADE, BUT NONE FROM US THOUGH LUCE SEES US MORAL OBLIGATION TO HELP. HE ESTIMATES THAT IN HANOI EMERGENCY RECONSTRUCTION OF HOUSES, SCHOOLS AND HOSPITALS IS ABOUT 2/3 COMPLETE THOUGH LIKELY TO BE A LONG TIME BEFORE BACH MAI HOSPITAL IS FULLY OPERATIONAL AGAIN. RESTORATION SEEMED MORE COMPLETE NORTH OF HANOI THAN SOUTH. LUCE QUOTES HANOI NEWSPAPER EDITOR THAT PROBABLY THREE MORE YEARS NEEDED TO RETURN INDUSTRIAL PRODUCTION

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TO LEVEL OF EARLY 1960'S, BUT AGRICULTURE SHOULD SURPASS EARLY 1960'S OUTPUT BY THEN. LUCE STATES THE LE DUC THO WAS BITTER ABOUT US AID, SAID HE WAS TOLD AT PARIS BY US REPS THAT NIXON ADMIN. IS UNABLE TO HONOR AGREEMENT FOR MASSIVE INDOCHINA AID BECAUSE CONGRESS WOULD NOT APPROPRIATE FUNDS.

6. INFORMED SOURCES SAY LON NOL ASKS LONG BORET TO FORM GOVERNMENT FOLLOWING IN TAM'S RESIGNATION, WANTS SOME NATIONAL ASSEMBLY DEPUTIES IN NEW ADMINISTRATION (WP; REUTER). NOT IMMEDIATELY CLEAR IF LONG BORET WOULD REPLACE IN TAM ON HIGH POLITICAL COUNCIL (REUTER).

7. "KHMER ROUGE" CROSS RIVER 11 MILES NORTH OF PP, OCCUPY POSITIONS ON 4-MILE STRETCH OF ROUTE 5. VILLAGERS WHO ESCAPED TOLD FIELD REPORTERS THAT INSURGENTS MURDERED SOME FAMILIES, TRIED TO PREVENT PEOPLE FROM FLEEING TO GKR AREAS. FANK TROOPS MAKE NO PROGRESS UNCLASSIFIED

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IN ATTACK ON INSURGENT POSITIONS (AP WP, NYDN).

JAPAN

8. WP'S OBERDORFER, IN TOKYO, REPORTS TANAKA STATEMENT IN DIET THAT GOJ PLANS TO SEEK DIET APPROVAL WITHIN NEXT FEW MONTHS FOR NPT RATIFICATION. GOVT. SOURCES SAY AGREEMENT REACHED IN PRINCIPLE WITH IAEA ABOUT JAPANESE INSPECTION SYSTEM, AND POLITICAL CLIMATE TOWARDS TREATY HAS SUBSTANTIALLY CHANGED IN RECENT MONTHS, MAKING IT EASIER TO MOVE TOWARDS RATIFICATION.

9. SAUDI RADIO REPORTS MIKI HAS BEGUN FORMAL TALKS WITH SAUDI OFFICIALS ON CURRENT ME DEVELOPMENTS. QUOTES MIKI AS SAYING JAPAN OPPOSES ISRAELI EXPANSION IN ARAB TERRITORIES AND THIS IS "BASIC PRINCIPLE" IN JAPANESE POLICY (REUTER). JOC NOTES INFORMED JAPANESE SOURCES IN BEIRUT SAYING SAUDI VISIT IS TOUGHEST PART OF MIKI MISSION, FOR TOKYO REGARDS SAUDI STAND AS HARDEST AMONG ALL ARAB OIL PRODUCERS. MIKI REPORTEDLY WILL TRY ASCERTAIN IF FAISAL INSISTS THAT GOJ BREAK ECON AND DIPLOMATIC TIES WITH ISRAEL TO GET A PLACE ON ARAB MFN LIST. GOJ REPORTEDLY

HAS BEEN QUIETLY TOLD THAT EVEN IF IT MAKES LIST,
IT WILL BE INCLUDED IN SECOND PRIORITY CATEGORY OF
NATIONS RECEIVING OIL AT RATES THAT EXISTED AT END
OF 1972.

10. JOC'S CULLISON, IN TOKYO REPORTS UK MISSION

NOW TALKING WITH GOJ HAS TOLD JAPANESE THAT COUNTRY'S
EVENTUAL PARTICIPATION IN NEW NORTH SEA OIL DEVELOPMENT

LIBERALIZATION OF INVESTMENTS BY BRITISH CORPORATIONS
IN JAPAN TURNS OUT IN PRACTICE.

11. WP'S MORGAN OBSERVES THAT RESTRICTIONS HOUSE
IMPOSED YESTERDAY ON ADMIN. TRADE REFORM BILL CAST
DOUBT ON FUTURE OF WIDE RANGE OF SOVIET-US PROJECTS,
INCLUDING "JOINT EXPLORATION (ALSO INVOLVING JAPAN)
OF SERIAN NATURAL GAS RESERVES."

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12. JAPAN HAS NEW "SUNSHINE PROGRAM," INTENDED TO
REPLACE POL BY SOLAR, GEOTHERMAL AND OTHER ENERGY
SOURCES BY END OF CENTURY. MITI, WORKING CLOSELY
WITH PRIVATE INDUSTRY, HAS RESOURCES AND AUTHORITY
TO ALLOCATE RESEARCH CAPITAL; IN RECENT ANNOUNCEMENT
OF ENERGY PROGRAM, IT COMPARES PROGRAM IN SERIOUS
INTENT TO US APOLLO EFFORTS TO PUT MAN ON MOON (CSM).

13. JAPAN SUPREME COURT RULED WEDNESDAY THAT JAPANESE
EMPLOYERS CAN REFUSE TO HIRE PROSPECTIVE EMPLOYEES
BECAUSE OF THEIR POLITICAL BELIEFS (REUTER).

CHINA

14. PRC IS SPEEDING UP AGRICULTURAL DEVELOPMENT
OF MOUNTAINOUS FRONTIER REGIONS TO STRENGTHEN THEM
AGAINST INVASION AND NATURAL DISASTERS. LATEST "RED
FLAG" URGES COMMUNES IN MOUNTAINOUS AREAS TO STORE
ADEQUATE GRAIN RESERVES (REUTER). TASS REPORTS NAGA
REBELS IN NE INDIA RECEIVING ARMS FROM PRC, QUOTING
STATEMENT BY NAGA OFFICIAL (WP).

THAILAND

15. KING BHUMIBOL, IN "UNPRECEDENTED STEP," ANNOUNCES
THAT CONVENTION OF MORE THAN 2,000 THAI -- INCLUDING
FARMERS, FOLK SIGNERS AND TAXI DRIVERS -- WILL ELECT
NEW LEGISLATURE TO REPLACE OLD ONE HAND-PICKED BY
MILITARY REGIME. PRESIDENT OF NATIONAL ASSEMBLY
AND 121 MEMBERS RESIGNED TUESDAY (AP NYDN; CSM).

16. RTG ANNOUNCES WIDE-RANGING TAX INCREASES THAT WILL RAISE PRICE OF ALMOST ALL LUXURY ITEMS BY 7-40 PERCENT. SPOKESMAN SAYS INCREASES ARE ATTEMPT TO EARN EXTRA REVENUE FOR INCREASED GOVT. EMPLOYEE SALARIES (REUTER).

KOREA

17. ANNOUNCEMENT MADE IN SEOUL WEDNESDAY THAT NORTH AND SOUTH GOVT. REPS WILL MEET AGAIN NEXT WEDNESDAY
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TO DISCUSS HOW TO REOPEN DETENTE TALKS. SK SPOKESMAN SAYS REPS WILL CONTINUE DISCUSSING RESHUFFLING OF COORDINATING COMMITTEE (REUTER).

INDONESIA

18. DOW HAS ESTABLISHED SUBSIDIARY COMPANY WITH HEADQUARTERS IN JAKARTA, AND PLANS BUILDING HERBICIDE PLANT NEAR MEDAN (JOC). WESTINGHOUSE SAYS IT RECEIVED ORDER FOR MORE THAN SIX MILLION DOLS FOR TWO POWER PLANTS FROM INDONESIAN ELECTRIC UTILITY. PLANTS WILL HAVE COMBINED RATING OF 52,000 KILOWATTS, WITH FULL OPERATION PROJECTED FOR LATTER PART OF 1974 (WSJ).

NEW ZEALAND

19. WELLINGTON OFFICIALS SAY AMERICANS RANK SECOND TO AUSTRALIANS AMONG GROWING NUMBER OF TOURISTS VISITING NZ (AP NYDN).

COMMENT AND ANALYSIS

20. NYT'S SULZBERGER IN BRUSSELS REPORT THAT ELEMENTS SUSPECTED OF FAVORING A PRO-SOVIET POSTURE IN CHINA ARE BEING ELIMINATED FROM THE PRC POWER-STRUCTURE. THIS IS PARTICULARLY TRUE AMONG MILITARY WHERE THE CCP IS ASSERTING POLITICAL CONTROL OF THE ARMED FORCES, OBSERVING THAT PERCENTAGE OF MILITARY MEN IN THE NEW CCP CENTRAL COMMITTEE DECLINED BY 12.9 PERCENT FROM ITS PREDECESSOR. MOREOVER, FOR MONTHS A PURGE OF ARMY, NAVY AND AIR FORCE OFFICERS HAS BEEN UNDER WAY WHICH SEEMS TO COMPARE IN SCALE WITH STALIN'S PURGE OF TUKHACHEVSKY AND OTHER OFFICERS ON TRUMPED-UP PRO-GERMAN CHARGES. SULZBERGER HAS LIST OF 30 HIGH-RANKING CHINESE COMMANDERS OR POLITICAL COMMISSARS WHO HAVE DISAPPEARED. HE ACKNOWLEDGES THAT ONE CANNOT REALLY KNOW IF THE PURGEES ARE LINKED WITH SOVIETS OR IF THEY OPPOSED THE NEW LOOK AT US, BUT IS CERTAIN THAT BREZHNEV IS NOW APPLYING MASSIVE SQUEEZE, TRYING TO ENCIRCLE PRC WHILE SEEDING IT WITH PRO-SOVIET

AGENTS. BUT WHILE CHINA IS INFURIATED, IT HAS
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OFFERED A MODERATE FORMULA FOR SETTling TERRITORIAL ARGUMENTS. CHOU TOLD HIM: "WITH RESPECT TO THE SINO-SOVIET BOUNDARY, WE NEVER SAID THAT CHINA WISHED TO RECOVER ALL THE TERRITORIES LOST UNDER THE UNEQUAL (19TH CENTURY) TREATIES. THAT IS A RUMOR SPREAD BY THE SOVIET UNION". SAYS CHOU ALSO RECALLED HIS AGREEMENT WITH KOSYGIN (SEPT. 11, 1969) ACCEPTING THOSE TREATIES "AS A BASIS" FOR NEGOTS, WITHDRAWING FROM BORDER REGIONS, AND THEN ARRANGING A NEW "REALIGNMENT OF THE BOUNDARY WHICH WE THINK WOULD NOT BE A DIFFICULT MATTER TO SETTLE". CONTENTS THAT THE USSR NEVER FOLLOWED-UP, BUT NOTES THAT QUINTESSENTIAL FACT IS THAT A REASONABLE OUTLINE FOR SETTLEMENT EXISTS AND STILL COULD BE APPLIED IF THE SINO-SOVIET COLD WAR CEASED. THE MAO-CHOU REGIME DOESN'T EXPECT A SUDDEN ERA OF TRANQUILITY AND IS TAKING PAINS TO WEEDOUT FROM INFLUENTIAL POSITIONS THOSE WHO MIGHT BE INCLINED TO MAKE A DEAL WITH MOSCOW ON ANY BASIS OTHER THAN THE ONE OUTLINED BY CHOU. SULZBERGER SEES NO REAL SINO-SOVIET CRISIS DEVELOPING BEFORE THE END OF THE MAO-CHOU GOVT.; THINKS IT COULD PROVE EASIER FOR A POST-MAO REGIME TO FOLLOW A CONVENTIONAL PRO-COMMUNIST (AND THEREFORE PRO-SOVIET) LINE "THAN ONE NEARER TO A CAPITALISTIC" US.

21. ZORZA (CSM) DRAWS PARALLEL BETWEEN KHRUSHCHEV BACKING-DOWN DURING CUBAN MISSILE CRISIS AND BREZHNEV BACK-PEDALLING IN FACE OF US WORLD-WIDE MILITARY ALERT

DURING ME CRISIS. NOTES THAT BOTH MEN, ATTACKED AT HOME FOR BACKING DOWN, ARGUED THAT CHINA WAS USING CRISES TO TRY TO PROVOKE US-USSR WAR. RELATES KHRUSHCHEV'S SUBSEQUENT DOWNFALL TO HIS LOSS OF CREDIBILITY IN ANY FUTURE US-USSR CONFRONTATION, THUS PLAYING INTO THE HANDS OF KREMLIN HAWKS. SEES POSSIBILITY OF BREZHNEV MEETING THE SAME FATE, THOUGH NOTING THAT HE HAS SURVIVED MANY POLITBURO CRISES BEFORE. ADDS, HOWEVER, THAT EACH PREVIOUS CRISIS CAUSED CONSIDERABLE DAMAGE TO HIS POSITION, AND THE ME ONE MAY HAVE DONE MORE HARM THAN ANY OTHER.
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22. CHITRIB CALLS ATTENTION TO FIGHTING IN VN, AND RECALLS THAT OPPONENTS OF NIXON VN POLICY OFTEN SPOKE OF US PULL-OUT AS IF IT WERE SYNONYMOUS WITH AN END OF THE WAR, ARGUING THAT NVN WOULD FIGHT STUBBORNLY ONLY AS LONG AS B-52S RANGED OVER ITS HOMELAND. SAYS

US INTERVENTION PREVENTED OR AT LEAST DELAYED WHAT OTHERWISE WOULD HAVE BEEN A COMMUNIST TAKEOVER OF THE ENTIRE COUNTRY LONG AGO. BUT WE HAVE PROVED UNABLE TO GUARANTEE PEACE ANY MORE EFFECTIVELY BY WITHDRAWING OUR FORCES THAN WE COULD BY SENDING THEM IN. MAINTAINS THAT PEOPLES OF THE WORLD ARE GOING THEIR OWN WAY, EVEN IF IT MEANS WAR, AND THERE IS LITTLE THAT ANY ONE COUNTRY CAN DO ABOUT IT. RECOGNIZING HIS MAY NOT BE FOOD FOR OUR EGO, BUT IT WILL SAVE US A LOT OF TROUBLE IN THE FUTURE.

23. WP'S GREENWAY IN BANGKOK OBSERVES CLEAVAGE DEVELOPING IN THAI STUDENT UNITY. MAIN SPLIT IS BETWEEN CONSERVATIVE LEADERSHIP OF NATIONAL STUDENT CENTER OF THAILAND AND FEDERATION OF INDEPENDENT STUDENTS (FISTS) UNDER STUDENT ACTIVIST, SAEKAN PRASERTKUL. FISTS MIGHT BE COMPARED TO THE NEW LEFT - PERHAPS EVEN SDS, BUT EVEN THEY ARE FAR TO THE RIGHT OF FRENCH STUDENTS OF 1968 OR AMERICAN YIPPIES AND WEATHERMEN. HOWEVER, WSCT, WHICH CLAIMS OVER 100,000 MEMBERS, STILL SPEAKS FOR THE MAJORITY OF STUDENTS, WHILE FISTS NUMBER ONLY SEVERAL HUNDRED. CITES FEELING AMONG NSCT MEMBERS THAT SAEKAN IS OUT FOR PERSONAL GLORY; ON OTHER HAND, FISTS THINK NSCT WAS COMPLETELY CO-OPTED BY THE GOVT. AND THE ESTABLISHMENT AND THAT PROGRESS TOWARD SOCIAL JUSTICE WILL NEVER BE MADE WITHOUT CONSTANT PRESSURE. AT PRESENT, FISTS MAKE SOMETHING OF A CULT OF THE MAGNETIC PERSONALITY OF SAEKAN - NOW ON SPEAKING TOUR OF THE US. IT IS "INDICATIVE" THAT THEY SHOULD HAVE NAMED THEIR ORG TO FORM AN ENGLISH LANGUAGE ACRONYM, FIST. MANY OF ITS MEMBERS HAVE STUDIED ABROAD, MANY UNDER AMERICAN

FIELD SERVICE. AS IS TRADITIONAL IN DEVELOPING COUNTRIES, STUDENTS WHO HAVE STUDIED IN EUROPE UNCLASSIFIED

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AND US ARE USUALLY MORE RADICAL THAN STUDENTS WHO HAVE NOT.

24. LAT'S DAVID LAMB EC. 10) IN WELLINGTON SEES A-NZ GOVTS. REAPPRAISING THEIR POL AND ECON RELATIONSHIPS AND SPEAKING OF NEED FOR CLOSER TIES. COMMENTS THAT WORKABLE TRANS-TASMAN RELATIONSHIP IS ESSENTIAL FOR BOTH SIDES, PARTICULARLY BECAUSE BOTH ARE DIRECTING THEIR NATIONAL INTERESTS AWAY FROM LONDON AND WASHINGTON AND TOWARD A REGIONAL ALIGNMENT OF PACIFIC AND ASIAN COUNTRIES. WITH RESPECT TO LATTER, LAMB RECALLS THAT IN AUSTRALIA LAST MONTH, NZ PM KIRK PROPOSED A GROUPING OF INDONESIA, PNG, AUSTRALIA AND NZ AS STEPPING STONE TO THE WIDER REGIONAL FORUM, AND STRESSED IMPORTANCE

OF THE ANZ RELATIONSHIP AS A "JUMPING-OFF PLATFORM" FOR MORE INTEGRATED SCHEMES OF ECONOMIC DEVELOPMENT IN PACIFIC. THERE HAVE BEEN MOVES IN THE PAST - AND RESULTANT PROBLEMS - TOWARD COORDINATION OF JOINT DEFENSE POLICIES, JOINT PROCUREMENT OF EQUIPMENT AND USE OF MANUFACTURING FACILITIES; BUT THERE HAVE BEEN FEW FIRM COMMITMENTS. NZ REALIZES IT WILL NEED AUSTRALIA'S BACKING OF SMALLER NATIONS, BUT IS CONCERNED THAT AUSTRALIA'S VOICE WILL BE LOUDER OF THE TWO. TO COUNTER THIS, NZ IS PREPARED TO "MAKE INDEPENDENT POLICIES WHEN NECESSARY", EVEN IF THEY ARE OUT OF STEP WITH CANBERRA.

25. BROOKINGS FELLOW FRED BERGSTEN (NYT OP ED) SAYS ECONOMICS ARE NOW CLEARLY CENTRAL TO US FOREIGN POLICY, BUT HAK'S RECORD IN ECONOMICS IS "DISMAL" ON MOST ISSUES; EVEN ON THOSE MOST OBVIOUSLY RELATED TO FOREIGN POLICY, HE HAS ABSTAINED. AND WHERE HE DID RELUCTANTLY GET INVOLVED, HE USUALLY "BUNGLED BADLY." AMONG OTHER THINGS, HE BOTCHED THE TEXTILE NEGOTS WITH JAPAN, WHICH BADLY SOURED US-JAPAN RELATIONS. EXPLAINS HAK'S LACK OF SUCCESS IN HANDLING ECON MATTERS ON BASIS THAT ECON ISSUES CANNOT BE DEALT WITH BY "SUPERSTAR SOLOS;" THEY REQUIRE BOTH POLITICAL AND BUREAUCRATIC CONSENSUS AT HOME, SUSTAINED ATTENTION, AND MESSY NEGOTS WITH A VARIETY OF LEADERS ABROAD, UNCLASSIFIED

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BECAUSE THE ISSUES FUSE A WIDE VARIETY OF INTERESTS ON A WIDE VARIETY OF NEGOTIATING FRONTS.

26. KANN (WSJ) FROM SAIGON REPORTS THAT PEACE IS NOWHERE AT HAND. VIOLENCE, RUNNING AT WHAT DIPLOMATS

CALLED "ACCEPTABLE LEVEL" FOR MUCH OF 1973, HAS BEEN INCREASING IN PAST TWO MONTHS. MAJOR COMMUNIST OFFENSIVE COULD PUT SAIGON'S SURVIVAL IN DOUBT, CONFRONT US WITH "CLASSIC HIGH NOON ROLE OF WHETHER TO STRAP ON GUNS AGAIN". C-F FRAMEWORK FOR PEACE REMAINS BUT NEITHER SIDE SEEMS TO HAVE GENUINE INTEREST IN COMPROMISE, AND MILITARY AND POLITICAL TALKS HAVEN'T MOVED BEYOND LEVEL OF SQUABBLING. ICCS SITS AROUND NOT DOING MUCH BECAUSE CAN ONLY BE EFFECTIVE IF TWO VIETNAMESE PARTIES WANT IT TO BE. FOLLOWING C-F, COMMUNISTS GRABBED SEVERAL HUNDRED HAMLETS AND GVN GRABBED THEM BACK; THEN FIGHTING REMAINED AT LOW-LEVEL, SMALL-UNIT ACTIVITY FOR SEVEN MONTHS AS BOTH SIDES CONSOLIDATED THEIR HOLD OVER THEIR OWN AREAS. BOTH SIDES MUST SHARE ONUS FOR RECENT INCREASE IN MILITARY ACTION, THOUGH PREVAILING VIEW IN SAIGON IS THAT COMMUNISTS DESERVE MORE BLAME SINCE THEY ARE MORE BLATANT ABOUT ENCROACHING ON GVN

TERRITORY. NEITHER SIDE ADMITS OFFENSIVE ACTION, LABELS OWN ACTIVITY "DEFENSIVE" OR "PUNITIVE", BUT SITUATION COULD BE WORSE AND MAY GET WORSE. THIEU PREDICTS MASSIVE COMMUNIST OFFENSIVE IN EARLY 1974; US AND OTHER ANALYSTS LESS CONVINCED BUT ADMIT POSSIBILITY. REASONS FAVORING BIG OFFENSIVE INCLUDE LACK OF COMMUNIST SUCCESS AT LOW-LEVEL WARFARE; US FORCES GONE FROM SCENE SO ODDS OF COMMUNIST SUCCESS BETTER THAN BEFORE; DOMESTIC US POLITICAL SCENE CONSIDERED FAVORABLE BY HANOI SINCE PRES. WEAK, CONGRESS DOVISH AND PUBLIC WEARY; AND COMMUNISTS HAVE BUILT UP FORCES WITH BETTER ARMS AND SOUND SUPPLY ROUTES. ARGUMENTS AGAINST MAJOR OFFENSIVE INCLUDE STRENGTH OF GVN; BLATANT ASSAULT MAY REVERSE US PUBLIC AND CONGRESSIONAL SENTIMENT ENOUGH TO ALLOW RESUMPTION OF BOMBING; HANOI'S ALLIES HAVE IMPORTANT INTERESTS WITH US AND MIGHT NOT REARM COMMUNISTS AGAIN IF 1974 OFFENSIVE UNCLASSIFIED

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FAILS; AND OFFENSIVE WOULD DIVERT RESOURCES FROM PRG EFFORT TO BUILD "THIRD" VN AND RISK DESTRUCTION OF WHAT HAS ALREADY BEEN DONE. BUT INCREASED COMBAT LIKELY, ADDING TO WOES OF SVN AND FURTHER UNDERMINING EFFORTS TO ATTRACT FOREIGN INVESTMENT TO DEVELOP ECONOMICALLY AND TO GENERATE PUBLIC PROSPERITY. ECONOMY SLIDING DOWNHILL BECAUSE OF US WITHDRAWAL, DESTRUCTION CAUSED BY 1972 COMMUNIST OFFENSIVE, LOW RICE HARVESTS AND WORLDWIDE RISE IN COMMODITY PRICES, REDUCTION IN US ECON AID, AND BURDEN OF SUPPORTING MASSIVE WAR MACHINE. KANN QUOTES US ECONOMIST THAT SVN WILL JUST SQUEAK BY", ADDS THAT IT SURELY WON'T PROSPER. TRADE BALANCE WILDLY UNFAVORABLE, RICE MUST BE IMPORTED, CONSUMER PRICES RISING RAPIDLY,

DOMESTIC INVESTMENT CAPITAL TIGHT AND FOREIGN INVESTORS SHY. LITTLE VIABLE OPPOSITION TO THIEU EXISTS AS OLD POLITICOS "SHOP-WORN" OUT-OF-DATE, AND TIME AND EVENTS NOT YET READY FOR YOUNGER ONES. POLITICS ARE WAR-POLARIZED WITH LITTLE APPARENT ROOM FOR "THIRD FORCE". WITH PEACE, THIEU WILL HAVE TO TAKE NON-COMMUNIST OPPOSITION SERIOUSLY, BUT THERE IS LITTLE DANGER OF PEACE COMING TO VN SOON. RUSH

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CAN THO
DANANG
HONG KONG
NHA TRANG
JEC PARIS

USSAGE NAKHON PHANOM
CINCPAC HONOLULU
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